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CAPITAL ESTATE LIMITED
冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

INTERIM RESULTS
SIX MONTHS ENDED 31ST JANUARY, 2021

The directors of Capital Estate Limited (the “Company”) announce that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31st January, 2021 together with the comparative figures for the six months ended 31st January, 2020 were as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31ST JANUARY, 2021

		Six months ended	
		31.1.2021	31.1.2020
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	4	42,638	83,171
Cost of sales		(22,560)	(31,816)
Direct operating costs		(1,400)	(21,855)
Gross profit		18,678	29,500
Other gain and loss	5	2,980	(7,019)
Other income		21,193	16,289
Marketing expenses		(2,170)	(5,672)
Administrative expenses		(23,543)	(34,999)
Other hotel operating expenses		(6,525)	(6,049)
Share of loss of an associate		(8,518)	(4,337)
Finance cost		(67)	–
Profit (loss) before taxation		2,028	(12,287)
Income tax expense	6	(4,050)	(8,402)
Loss for the period	7	(2,022)	(20,689)

		Six months ended	
	<i>NOTE</i>	31.1.2021	31.1.2020
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Other comprehensive income (expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>27,381</u>	<u>(9,835)</u>
Total comprehensive income (expense) for the period		<u>25,359</u>	<u>(30,524)</u>
(Loss) profit for the period attributable to:			
Owners of the Company		<u>(3,231)</u>	<u>(17,906)</u>
Non-controlling interests		<u>1,209</u>	<u>(2,783)</u>
		<u>(2,022)</u>	<u>(20,689)</u>
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		<u>17,305</u>	<u>(25,217)</u>
Non-controlling interests		<u>8,054</u>	<u>(5,307)</u>
		<u>25,359</u>	<u>(30,524)</u>
Loss per share	8		
Basic – <i>HK cents</i>		<u>(1.66)</u>	<u>(9.21)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST JANUARY, 2021

	<i>NOTES</i>	31.1.2021 HK\$'000 (unaudited)	31.7.2020 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		240,612	227,928
Right-of-use assets		36,566	36,097
Interest in an associate		191,593	200,111
Financial assets at fair value through other comprehensive income		–	–
Deposit and prepayment for a life insurance policy		11,629	11,644
		<hr/> 480,400	<hr/> 475,780
Current assets			
Properties held for sale		117,014	128,576
Inventories		1,435	1,446
Trade and other receivables	<i>9</i>	35,417	17,173
Amount due from an associate		7,862	7,226
Prepaid income tax		18,546	15,797
Financial assets at fair value through profit or loss	<i>10</i>	226,445	217,283
Pledged bank deposit		643	643
Bank balances and cash		234,610	332,456
		<hr/> 641,972	<hr/> 720,600
Current liabilities			
Trade and other payables	<i>11</i>	9,699	11,826
Contract liabilities		25,034	21,161
Lease liabilities		2,875	2,727
Amounts due to related parties		9,004	121,490
Tax payable		83,355	71,341
		<hr/> 129,967	<hr/> 228,545
Net current assets		<hr/> 512,005	<hr/> 492,055
Total assets less current liabilities		<hr/> 992,405	<hr/> 967,835

	31.1.2021 <i>HK\$'000</i> (unaudited)	31.7.2020 <i>HK\$'000</i> (audited)
Non-current liabilities		
Deferred tax liability	30,058	29,405
Lease liabilities	1,530	2,972
	<u>31,588</u>	<u>32,377</u>
Net assets	<u>960,817</u>	<u>935,458</u>
Capital and reserves		
Share capital	1,518,519	1,518,519
Reserves	(517,381)	(534,686)
	<u>1,001,138</u>	<u>983,833</u>
Equity attributable to owners of the Company	(40,321)	(48,375)
Non-controlling interests	<u>960,817</u>	<u>935,458</u>
Total equity	<u>960,817</u>	<u>935,458</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31ST JANUARY, 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Capital Estate Limited (the “Company”) have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31st July, 2020 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31st July, 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. SIGNIFICANT EVENT IN THE CURRENT INTERIM PERIOD

The outbreak of Covid-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. In response to the preventive policies and measures taken by local governments to prevent the spread of the Covid-19 epidemic, the Group’s hotel operation in Mainland China has been suspended in January 2020. The operation of the hotel has partly resumed in early August 2020 but under the impact of the pandemic, occupancy rate and food and beverage sales remains at a low level and revenue from hotel operations decreased during the current interim period.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31st January, 2021 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31st July, 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1st August, 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendment to HKFRS 16	Covid-19-Related Rent Concessions

Except as described below, the application of the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31st July, 2021.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Six months ended	
	31.1.2021 <i>HK\$'000</i>	31.1.2020 <i>HK\$'000</i>
Type of goods or service		
Revenue from hotel operations		
– Room rentals	2,557	12,810
– Food and beverage sales	199	20,913
– Rendering of ancillary services	88	79
Revenue from sale of properties held for sale	39,794	49,369
	<u>42,638</u>	<u>83,171</u>
Geographical market		
Mainland China	<u>42,638</u>	<u>83,171</u>
Timing of revenue recognition		
A point in time	40,081	70,361
Overtime	2,557	12,810
	<u>42,638</u>	<u>83,171</u>

Segment information

The Group's reportable and operating segments, based on information reported to the chief operating decision maker ("CODM"), being the executive directors of the Company, for the purpose of resource allocation and performance assessment are as follows:

Hotel operations	– hotel business and its related services
Financial investment	– trading of listed securities and other financial instruments
Property	– sale of properties held for sale

Information regarding these segments is reported below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

Six months ended 31st January, 2021

	Hotel operations <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross proceeds	<u>2,844</u>	<u>116,025</u>	<u>39,794</u>	<u>158,663</u>
Segment revenue	<u>2,844</u>	<u>-</u>	<u>39,794</u>	<u>42,638</u>
Segment (loss) profit	<u>(7,487)</u>	<u>14,259</u>	<u>16,372</u>	<u>23,144</u>
Unallocated income				6,252
Unallocated expenses				(18,783)
Finance cost				(67)
Share of loss of an associate				<u>(8,518)</u>
Profit before taxation				<u>2,028</u>

Six months ended 31st January, 2020

	Hotel operations <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross proceeds	<u>33,802</u>	<u>70,650</u>	<u>49,369</u>	<u>153,821</u>
Segment revenue	<u>33,802</u>	<u>-</u>	<u>49,369</u>	<u>83,171</u>
Segment (loss) profit	<u>(17,793)</u>	<u>2,965</u>	<u>15,199</u>	<u>371</u>
Unallocated income				4,312
Unallocated expenses				(12,633)
Share of loss of an associate				<u>(4,337)</u>
Loss before taxation				<u>(12,287)</u>

Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of certain other income, central administration costs, directors' salaries, finance cost and share of loss of an associate. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Other segment information

The following other segment information is included in the measure of segment (loss) profit:

For the six months ended 31st January, 2021

	Hotel operations <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Segment total <i>HK\$'000</i>
Depreciation of property, plant and equipment	(5,754)	–	–	(182)	(5,936)
Depreciation of right-of-use assets	(771)	–	–	(1,376)	(2,147)
Interest income from financial assets at fair value through profit or loss (“FVTPL”)	–	11,473	–	–	11,473
Bank and other interest income	93	–	–	6,252	6,345
(Loss) gain on disposal of property, plant and equipment	(123)	–	–	5	(118)

For the six months ended 31st January, 2020

	Hotel operations <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Segment total <i>HK\$'000</i>
Depreciation of property, plant and equipment	(5,336)	–	–	(122)	(5,458)
Depreciation of right-of-use assets	(713)	–	–	–	(713)
Interest income from financial assets at FVTPL	–	10,100	–	–	10,100
Bank and other interest income	804	–	–	1,443	2,247
(Loss) gain on disposal of property, plant and equipment	(6)	–	–	25	19

5. OTHER GAIN AND LOSS

	Six months ended	
	31.1.2021	31.1.2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Increase (decrease) in fair value of financial assets at FVTPL	<u>2,980</u>	<u>(7,019)</u>

6. INCOME TAX EXPENSE

	Six months ended	
	31.1.2021	31.1.2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income tax expense comprises:		
Current tax		
PRC enterprise income tax	–	(5,111)
PRC land appreciation tax	<u>(5,912)</u>	<u>(5,653)</u>
	(5,912)	(10,764)
Deferred taxation	<u>1,862</u>	<u>2,362</u>
	<u>(4,050)</u>	<u>(8,402)</u>

No provision for Hong Kong Profits Tax has been made for both periods as the Company and its subsidiaries did not generate any assessable profits for the periods or have available tax losses brought forward from prior years to offset against assessable profits for both periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in the PRC is 25%.

The provision for PRC land appreciation tax is estimated according to the requirements set forth in the relevant PRC tax laws and regulations which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

No provision for PRC enterprise income tax has been made for the period ended 31st January, 2021 as the subsidiary in the PRC did not generate any assessable profit for the period.

7. LOSS FOR THE PERIOD

	Six months ended	
	31.1.2021	31.1.2020
	HK\$'000	HK\$'000
Loss for the period has been arrived at after charging (crediting):		
Depreciation included in:		
– other hotel operating expenses	5,754	5,336
– administrative expenses	182	122
Depreciation of right-of-use assets	2,147	713
Loss (gain) on disposal of property, plant and equipment	118	(19)
Included in other income:		
– Bank and other interest income	(6,345)	(2,247)
– Interest income from financial assets at FVTPL	(11,473)	(10,100)
– Investment income from financial assets at FVTOCI	–	(2,683)
	<u> </u>	<u> </u>

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Six months ended	
	31.1.2021	31.1.2020
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company for the purposes of basic loss per share	<u>(3,231)</u>	<u>(17,906)</u>
	Number of shares	Number of shares
Number of ordinary shares for the purposes of basic loss per share	<u>194,337,559</u>	<u>194,337,559</u>

No diluted loss per share is presented for both interim periods as there are no dilutive potential ordinary shares during both periods.

9. TRADE AND OTHER RECEIVABLES

The hotel revenue is normally settled by cash or credit card. The Group allows an average credit period of 30 days to its trade customers of hotel business. The following is an analysis of trade receivables, presented based on invoice date.

	31.1.2021	31.7.2020
	HK\$'000	HK\$'000
0 to 30 days	140	3
31 to 60 days	15	21
61 to 90 days	1	4
91 days or above	281	329
	<u> </u>	<u> </u>
	<u>437</u>	<u>357</u>

As part of the Group's credit risk management, the Group uses debtors' past due status to assess the impairment for its customers because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure that relevant information about specific debtors is updated.

During the six months ended 31st January, 2021, no impairment allowance (six months ended 31st January, 2020: nil) was recognised for trade receivables based on the provision matrix.

Included in other receivables are receivables from customers of consumer finance business of HK\$31,086,000 (31st July, 2020: HK\$13,596,000).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.1.2021 <i>HK\$'000</i>	31.7.2020 <i>HK\$'000</i>
Listed equity securities in Hong Kong	32,902	26,373
Listed debt securities in Hong Kong	47,346	57,298
Listed debt securities overseas	146,197	133,612
	<hr/>	<hr/>
	226,445	217,283
	<hr/> <hr/>	<hr/> <hr/>

The fair values of the above investments were determined based on the quoted market bid prices at the close of business at the end of the reporting period.

11. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables, presented based on invoice date.

	31.1.2021 <i>HK\$'000</i>	31.7.2020 <i>HK\$'000</i>
0 to 30 days	81	21
31 to 60 days	70	8
61 to 90 days	20	5
91 days or above	56	465
	<hr/>	<hr/>
	227	499
	<hr/> <hr/>	<hr/> <hr/>

INTERIM DIVIDEND

The directors do not recommend the payment of any dividends for the six months ended 31st January, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE RESULTS

The Group reported revenue of HK\$42.6 million for the six months ended 31st January, 2021, which comprised mainly income from sale of properties of HK\$39.8 million and hotel operations of HK\$2.8 million, as compared to HK\$83.2 million for the same period last year which comprised mainly income from sale of properties of HK\$49.4 million and hotel operations of HK\$33.8 million.

Net loss attributable to owners of the Company for the six months ended 31st January, 2021 was HK\$3.2 million, as compared to HK\$17.9 million for the same period last year.

The decrease in loss in the six-month period ended 31st January, 2021 was mainly the combined result of (i) slow down of sale of properties and decline in hotel revenue due to the Covid-19 pandemic; (ii) cost reduction measures taken by the hotel operation including decrease in head count; and (iii) increase in fair value of the Group's financial investment portfolio in compared to a decrease in fair value in the six-month period ended 31st January, 2020. The loss in the six-month period ended 31st January, 2020 included redundant provision of HK\$9.5 million in relation to Hotel Fortuna, Foshan.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a liquid position. At 31st January, 2021, the Group had bank balances and cash of HK\$235.3 million (31st July, 2020: HK\$333.1 million) mainly in Hong Kong dollars and Renminbi and marketable securities totalling HK\$226.4 million (31st July, 2020: HK\$217.3 million).

No bank and other borrowings (other than corporate credit card payable classified as "other payable") were outstanding at 31st January, 2021 (31st July, 2020: Nil).

The Group's gearing ratio, expressed as a percentage of the Group's total liabilities over the shareholders' funds was 16.1% at 31st January, 2021 (31st July, 2020: 26.5%).

EXCHANGE RATE EXPOSURE

The assets and liabilities and transactions of several major subsidiaries of the Group are principally denominated in Renminbi or Hong Kong dollars pegged currencies, which expose the Group to foreign currency risk and such risk has not been hedged. It is the Group's policy to monitor such exposure and to use appropriate hedging measures when required.

BUSINESS REVIEW

For the six months ended 31st January, 2021, the principal activities of the Group are property development, hotel operation, financial investment and related activities.

PROPERTY INVESTMENT AND DEVELOPMENT

Sales activities of the residential project alongside Hotel Fortuna, Foshan, the People's Republic of China ("PRC") continue and revenue from sales of property amounting to HK\$39.8 million has been recognised for the six months ended 31st January, 2021 (six months ended 31st January, 2020: HK\$49.4 million). The sale has been slowed down during the period due to the external economic environment and approximately 19.6% of saleable floor area remained unsold as at 31st January, 2021 which mainly attributable to approximately 210 car park space. At 31st January, 2021, deposits for units pending hand over of approximately HK\$24.8 million (31st July, 2020: HK\$20.9 million) was recorded and more contribution from this high-rise residential development to the Group's revenue is expected in the near term.

HOTEL OPERATION

The Group has a 75% effective interest in Hotel Fortuna, Foshan with over 400 rooms located at Le Cong Zhen, Shun De District, Foshan, the PRC. Although the operation of the hotel was gradually resuming since early August 2020 following the temporarily suspension started from late January, 2020, the occupancy rate and food and beverage sales remains at a low level under the effect of the pandemic. During the six months ended 31st January, 2021, the hotel's occupancy rate dropped to approximately 9.7% and recorded a turnover of approximately HK\$2.8 million in compared to turnover of approximately HK\$33.8 million in the six months ended 31st January, 2020.

The Group also holds a 32.5% interest in Hotel Fortuna, Macau through Tin Fok Holding Company Limited, an associated company of the Group. Under the effect of the pandemic, the hotel's occupancy rate dropped to approximately 50.5% and recorded a turnover of approximately HK\$112.3 million in year 2020 compared to approximately HK\$230.9 million in 2019.

FINANCIAL INVESTMENTS

The Group continues its securities investment as one of its principal activities and in the ordinary and usual course of business. Its strategy is to maintain a diversified portfolio of marketable securities for effective treasury and risk management. The Group will continue to invest its surplus funds in listed securities with attractive return and satisfactory rating, including debt securities. The investment portfolio, under close monitoring by the management, is expected to generate stable income and can be liquidated swiftly to support the Group's operations and cash requirements when needed.

As at 31st January, 2021, the Group's investment portfolio of financial assets at fair value through profit and loss consisted of listed equity securities of HK\$32.9 million (31st July, 2020: HK\$26.4 million) and listed debt securities of HK\$193.5 million (31st July, 2020: 190.9 million).

Listed equity securities of HK\$32.9 million (31st July, 2020: HK\$26.4 million), which consist entirely of shares in BOCOM International Holdings Company Limited (stock code: 3329), recorded an unrealised gain from fair value changes of HK\$6.5 million during the period (six-month period ended 31st January, 2020: unrealised loss of HK\$5.2 million). Further details of the investment are set out in the Company's announcements dated 5th May, 2017 and 18th May, 2017.

As at 31st January, 2021, the Group had 11 listed debt securities (31st July, 2020: 19) representing approximately 85.5% (31st July, 2020: 87.9%) of the investment portfolio. The mark to market valuation of the largest single debt security within the portfolio represents approximately 3.5% (31st July, 2020: 3.3%) of the Group's total assets, and that of the five largest debt securities held represents approximately 10.8% (31st July, 2020: 7.6%). The remaining 6 (31st July, 2020: 14) debt securities represent 6.4% (31st July, 2020: 8.4%) of the Group's total assets, each ranging from 0.4% to 1.4% (31st July, 2020: 0.1% to 0.9%). Approximately 91.7% (31st July, 2020: 95.9%) of these debt securities are related to PRC-based real estate companies.

During the period, the debts portfolio gave rise to a net unrealised fair value gain of HK\$2.6 million (six-month period ended 31st January, 2020: fair value loss of HK\$1.4 million) and interest income of HK\$11.5 million (six-month period ended 31st January, 2020: HK\$10.1 million).

PROSPECTS

Although the PRC and local economies is still under the influence of the COVID-19 pandemic, the Board believes that the Group's financial position will not be significantly affected in the near term.

The Board will closely monitor the development of the pandemic. Facing the recession and uncertainties, the Directors will endeavour to formulate strategies and plans to tackle this unprecedented challenge and utilise its resources effectively to capture viable business opportunities to maintain sustainable long term growth of the Group.

CONTINGENT LIABILITY

At 31st January, 2021, the Group provided guarantees of approximately HK\$9.8 million (31st July, 2020: HK\$50.3 million) to banks in respect of mortgage loans provided by the banks to purchasers of the Group's developed properties. These guarantees will be released when the building ownership certificates are issued and pledged by the purchasers with the banks for the mortgage loans granted. The Directors consider that the fair value of such guarantees on initial recognition was insignificant. The Directors also consider that the fair value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group in the event the purchasers default payments to the banks.

PLEDGE OF ASSETS

At 31st January, 2021, bank deposit of HK\$643,000 of the Group was pledged to a bank to secure credit facilities to the extent of HK\$600,000 granted to the Group, of which HK\$3,000 (31st July, 2020: HK\$4,000) was utilised by the Group.

EMPLOYEES

The Group offers its employees competitive remuneration packages to commensurate with their experience, performance and job nature, which include basic salary, bonuses, share options, medical scheme, retirement and other benefits.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim accounts for the six months ended 31st January, 2021.

CORPORATE GOVERNANCE

The Company complied throughout the six months ended 31st January, 2021 with all applicable provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules except for the following deviation:-

1. Under Code A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive directors of the Company are not appointed for a specific term as they are subject to rotation at annual general meetings in accordance with Article 103(A) of the Company's Articles of Association. The Company will ensure that all directors retire at regular intervals.

2. Under Code E.1.2, the Chairman of the board of directors (the "Board") should attend the annual general meeting.

The Chairman of the Board was unable to attend the Company's annual general meeting which was held on 10th December, 2020 due to the COVID-19 pandemic.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard as set out in the Model Code for the six months ended 31st January, 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 31st January, 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

By Order of the Board
CAPITAL ESTATE LIMITED
Sio Tak Hong
Chairman

Hong Kong, 25th March, 2021

As at the date hereof, Mr. Sio Tak Hong, Mr. Chu Nin Yiu, Stephen, Mr. Chu Nin Wai, David, Mr. Lau Chi Kan, Michael are the executive directors of the Company, and Mr. Li Sze Kuen, Billy, Mr. Wong Kwong Fat and Mr. Leung Kam Fai are the independent non-executive directors.